

**SYSTEM, METHOD, AND COMPUTER PROGRAM PRODUCT
FOR COLLATERAL MANAGEMENT OPERATIONS**

Abstract

5 A centralized collateral management operation system that includes a
collateral management system (CMS) provider linked to a trading group--a
plurality of users (e.g., individuals, corporations, financial institutions, and the
like). The method allows the CMS provider to dynamically determine
anticipatory collateral value and mark to market (MTM) collateral obligations for
each of the users' sub-portfolios. The provider is then able to notify each of the
10 users of their MTM and anticipatory collateral obligations for their respective
sub-portfolios, and issue "Collateral Credits." The Collateral Credits allow the
CMS provider to efficiently allocate the amount of collateral posted by each
member of the trading group to protect against present losses and potential future
losses due to the inability of the user to meet its obligations. The system provides
15 equivalent collateral protection as a fully collateralized bilateral system while
decreasing individual collateral requirements.

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